

## Barnes & Noble, Inc.

Approver: LJE

Request: Approval of the following:

1. Additional discounts for the Financials are in conjunction to the GEAC Safe Switch trade in program - 35% discount (store + 10%) before GEAC safe switch trade in.
2. 50% price hold for an additional 26 CPUs of Partitioning to be exercised by 2/15/03
3. 50% discount off the following Oracle applications if acquired by 5/15/03 with a minimum purchase of \$1m in net license fees:

Purchasing  
Purchasing Intelligence  
iProcurement  
iExpenses  
iSupplier Portal  
Financials Intelligence  
Tutor for Applications

### Deal Summary:

| Deal Summary     |  |
|------------------|--|
| Product Mix:     | Financials, Projects, 9iAS, Partitioning, iDS                                    |
| License Discount | 35% on Financials, Projects; 57% for iDS & Partitioning (worst case); 25% on iAS |
| Support Discount | 35% on Financials, Projects; 57% for iDS & Partitioning (worst case); 25% on iAS |
| Price Holds      | 50% on Partitioning for 26 CPUs to be licensed by 2/15/03                        |
| List License     | 1,313,800  |
| List Support     | 289,036  |
| Net License      | \$610,000 after discounts, GEAC Credits and finance charges                      |
| Net Support      | 176,323  |
| Net Price        | 786,323  |
| Price List Used  | E-Business   |

### Justification:

This is a highly competitive sales cycle against PeopleSoft. PeopleSoft is the installed HR/Payroll Vendor and they are comfortable with their apps while Oracle has no apps presence at B&N. December is the end of PeopleSoft's fiscal year and they have been very aggressive in their pricing and payment terms. They have agreed to give B&N credit for the previously acquired GEAC licenses as well as additional credits toward their HR upgrade. B&N has indicated that either PeopleSoft or Oracle can meet their financial application needs and pricing will be a factor in the overall selection. We feel we are in very good shape to win this business as well as future applications business.

Establishing an oracle footprint with the core financials will position us well to sell other components of the e-business suite. We are in discussions with B&N on Purchasing and self-service apps and have recently responded to an RFP for Business Rights Management. If we win the finapps opportunity we will be well positioned to sell these other apps this fiscal year. The Purchasing opportunity could be \$2M+ over the next two years in Oracle licenses. B&N is looking to sign the deal for financials by 1/31, which is the end of their fiscal year. IBM has also been active in the account. The production and development boxes have already been purchased from IBM and they are trying to upgrade the Informix DB licenses. IBM has offered incentives to keep the finapps on an Informix/DB2 platform.

Last revised 4/6/00

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The requested discounts are to be competitive with PeopleSoft and IBM as well as to cover financing costs. This would be a large apps win for Oracle in the retail industry which we could leverage the B&N name brand with other retailers in the US. Discounts will also be used in conjunction with the GEAC Safe Switch Program. Net license will be \$610k after discount, GEAC Credit and financing costs removed. B&N has also agreed to purchase an additional 26 CPUs of Partitioning (an additional net license fees of \$130k) which they would acquire in Feb., '03. This can not be included in the original contract because it is for a separate contract which they can not include in the finapps overall pricing.

**Recommendation:** Approve.

**Submitted By:** Roberts, Cochran, Irizzary

R: 12/13/01

C: 12/13/01

L:

A:

BP: ms